

STATEMENT OF THE HONORABLE MICHAEL BILIRAKIS  
CHAIRMAN, SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT  
HEARING ON THE FISCAL YEAR 1998 HHS BUDGET  
FEBRUARY 12, 1997

TODAY BEGINS THE SUBCOMMITTEE'S FIRST HEARING OF THE 105TH CONGRESS AND OUR FIRST OPPORTUNITY TO HEAR FROM THE ADMINISTRATION ON THEIR RECONCILIATION PROPOSALS FOR REFORMING THE MEDICARE AND MEDICAID PROGRAMS. I WOULD LIKE TO WELCOME ALL THE NEW MEMBERS OF THE SUBCOMMITTEE, AND RECOGNIZE OUR NEW RANKING MEMBER -- MY FRIEND AND COLLEAGUE, SHERROD BROWN. I WOULD ALSO LIKE TO THANK MY FRIEND, HENRY WAXMAN, FOR THE MANY YEARS THAT HE GUIDED THIS SUBCOMMITTEE SO ABLY AS CHAIRMAN, AND FOR HIS CONTRIBUTIONS DURING THE LAST SESSION AS RANKING MEMBER. AND WE ALL KNOW THAT HENRY WILL CONTINUE TO MAKE HIS MARK IN THE HEALTH CARE AREA THIS SESSION.

LET ME SAY THAT I AM HOPEFUL THAT THIS YEAR, IN CONTRAST TO PREVIOUS YEARS, **THE MEDICARE AND MEDICAID RECONCILIATION POLICY DEBATES THAT WILL OCCUR WITH THE WHITE HOUSE WILL BE OF A BIPARTISAN NATURE.** THIS WOULD MARK A SUBSTANTIAL CHANGE FROM THE PAST FOUR YEARS. IN THE 103RD CONGRESS THE ADMINISTRATION ATTEMPTED TO ENACT THE HEALTH SECURITY ACT WITHOUT ANY REPUBLICAN SUPPORT AND IT FAILED. IN THE 104TH CONGRESS, WE ATTEMPTED

TO TRANSFORM THE MEDICARE AND MEDICAID PROGRAMS WITH MINIMAL DEMOCRATIC SUPPORT AND THE EFFORT ALSO FAILED WHEN THE PRESIDENT VETOED THE RECONCILIATION CONFERENCE REPORT. **AND THE REVERBERATIONS OF THESE HEALTH LEGISLATIVE FAILURES HAD DRAMATIC POLITICAL CONSEQUENCES FAR BEYOND THE HEALTH CARE ARENA.**

BEGINNING IN MAY OF LAST YEAR, HOWEVER, WE ENDED THE SESSION WITH **A NUMBER OF BIPARTISAN LEGISLATIVE VICTORIES WHICH ORIGINATED FROM THIS SUBCOMMITTEE. IN QUICK SUCCESSION, WE PASSED THE SAFE DRINKING WATER ACT, THE FOOD QUALITY PROTECTION ACT, AND THE HEALTH INSURANCE PORTABILITY AND PRE-EXISTING CONDITION ACT.** THESE WERE MAJOR PIECES OF LEGISLATION WHICH RESOLVED CONTENTIOUS ISSUES WHICH HAD BEEN AROUND FOR YEARS. **THESE BILLS SHOW WHAT BIPARTISANSHIP COULD PRODUCE. I AM HOPEFUL THE SAME SPIRIT THAT GUIDED US LAST YEAR WILL CONTINUE IN OUR DELIBERATIONS IN RECONCILIATION.**

THIS HEARING TODAY WILL BE THE FIRST OF MANY EXPLORING THE MEDICARE AND MEDICAID PROGRAMS. TODAY, WE ARE FORTUNATE TO HAVE AS WITNESSES BRUCE VLADICK, THE HCFA ADMINISTRATOR, AND FOR THE PAST FOUR YEARS, THE MOST ARTICULATE PROPONENT OF THE ADMINISTRATION'S HEALTH CARE POLICES; AND PAUL VAN de WATER THE CONGRESSIONAL BUDGET OFFICE'S (CBO) CHIEF HEALTH ANALYST WHO HAS GUIDED CBO

THROUGH THE PAST FOUR YEARS OF THE INTENSE BUDGETARY DEBATES CONCERNING NATIONAL HEALTH CARE REFORM AND BUDGET RECONCILIATION .

**IT IS NOT AN EXAGGERATION TO SAY THAT MEDICARE AND MEDICAID ARE THE TWO PROGRAMS WHICH WILL DETERMINE WHETHER WE SUCCESSFULLY COMPLETE RECONCILIATION THIS YEAR.** UNDER CBO PROJECTIONS, FEDERAL SPENDING FOR MEDICARE AND MEDICAID WILL INCREASE AT AN AVERAGE ANNUAL GROWTH OF MORE THAT **8 PERCENT OVER THE NEXT 10 YEARS.** CBO PROJECTS THAT BETWEEN 1997 AND 2002, THE FEDERAL GOVERNMENT WILL SPEND **\$718 BILLION IN THE MEDICAID PROGRAM AND A STAGGERING \$1.4 TRILLION IN THE MEDICARE PROGRAM** WITHIN THE SAME TIME PERIOD THE STATE SHARE OF MEDICAID WILL BE AN ADDITIONAL \$540 BILLION.

ADDITIONALLY, WE ARE ALL AWARE THAT **THE MEDICARE BOARD OF TRUSTEES IN THEIR 1996 ANNUAL REPORT STATED THAT THE PART A TRUST FUND WILL BE DEPLETED BY EARLY 2001.** THEY ESTIMATE THAT BY THE YEAR 2005 THAT THE DEFICIT IN THE PART A TRUST FUND WOULD BE APPROXIMATELY \$400 BILLION.

CLEARLY, THE PROBLEMS WE WILL BE ATTEMPTING TO ADDRESS THIS YEAR ARE OF MONUMENTAL PROPORTIONS. IT IS INCUMBENT ON THIS COMMITTEE AND THIS CONGRESS TO BEGIN ADDRESS THESE ISSUES NOW!! THE LONGER WE DELAY ACTION. THE

WORSE THE BUDGETARY PROBLEMS BECOME. NOW IS THE TIME TO ADDRESS THEM IN A BIPARTISAN MANNER.

AS I SAID, THIS IS THE FIRST OF MANY HEARINGS THAT THIS SUBCOMMITTEE WILL HAVE ON THE ADMINISTRATION'S PROPOSALS ON MEDICARE AND MEDICAID REFORM. I CAN ASSURE MY COLLEAGUES THAT WE WILL ADDRESS ALL OF THE COMPLICATED AND CONTENTIOUS ISSUES THAT WILL BE THE FOCUS OF ENTITLEMENT REFORM. THANK YOU.